

# CORPORATE GOVERNANCE STATEMENT

Oceania Healthcare Limited (“**Oceania**”) is committed to maintaining the highest standards of governance by implementing best practice structures and policies. This Corporate Governance Statement sets out the corporate governance policies, practices and processes adopted or followed by Oceania (including the guiding principles, authority, responsibilities, membership and operation of the Board of Directors of Oceania) as at 31 March 2022 and has been approved by the Board.

The best practice principles (and underlying recommendations) which Oceania has had regard to in determining its governance approach are the principles set out in the 2020 edition of the NZX Corporate Governance Code (“**NZX Code**”). Oceania considers that it has followed the recommendations in the NZX Code in all respects during FY2022.

Although the ASX Corporate Governance Council’s Corporate Governance Principles and Recommendations (“**ASX Principles**”) do not apply to Oceania (as it is a Foreign Exempt Entity), the ASX Principles also continue to inform Oceania’s approach to governance.

The NZX Listing Rules require Oceania to report against the NZX Code. This Corporate Governance Statement follows the structure of the NZX Code.

Oceania’s constitution, the Board and Board committee charters, and codes and policies referred to in this document are available to view on the governance section of Oceania’s website - <https://www.oceaniahealthcare.co.nz/governance> (“**Website**”).

## PRINCIPLE 1 – CODE OF ETHICAL BEHAVIOUR

***Directors should set high standards of ethical behaviour, model this behaviour and hold management accountable for these standards being followed throughout the organisation.***

Oceania expects its Directors, senior managers and employees to maintain the highest standards of honesty, integrity and ethical conduct in day to day behaviour and decision making.

The Board has adopted a Code of Values and Conduct, a Whistleblowing Policy and a Trading in Company Securities Policy, all of which are available on the Website.

### Code of Values and Conduct and Related Policies

***Recommendation 1.1:*** *The Board should document minimum standards of ethical behaviour to which the issuer’s Directors and employees are expected to adhere (a code of ethics) and comply with the other requirements of Recommendation 1.1 of the NZX Code.*

The Code of Values and Conduct applies to all of Oceania’s Directors, employees, contractors and consultants and outlines Oceania’s expectations about behaviour (including the specific expectations prescribed in the NZX Code), as well as the procedure for any breach of the NZX Code. Every new Director, employee, contractor and consultant is required to read and understand the Code of Values and Conduct as part of the induction process and acknowledge that they have done so. The Code of Values and Conduct was reviewed and updated by the Board on 21 May 2020.

Oceania has a policy of not making any political donations.



## Trading in Company Securities Policy

**Recommendation 1.2:** *An issuer should have a financial product dealing policy which applies to employees and Directors.*

The Trading in Company Securities Policy sets out Oceania's requirements for all Directors and employees in relation to trading Oceania's shares. The policy incorporates trading restraints. Directors and senior managers may only trade in Oceania's shares during the 60 days after full year results and half year results are released to NZX and ASX. Directors and senior managers may not trade in shares during any other period unless the Board provides a specific exemption. The policy also provides that no Directors or employees can trade shares if they are in possession of price sensitive information that is not publicly available.

Company-wide internal training is provided to employees on the key themes of the policy and its application. The communication to staff of the commencement and conclusion of the blackout periods also provides a further reminder of the policy.

Directors and employees of Oceania are not required to hold shares or other securities in Oceania however, as at 31 March 2022, all Directors held shares in Oceania, the details of which are set out in the Annual Report.

## PRINCIPLE 2 – BOARD COMPOSITION AND PERFORMANCE

**To ensure an effective Board, there should be a balance of independence, skills, knowledge, experience and perspectives.**

The Board is comprised of seven Directors with a mix of qualifications, skills and experience appropriate to Oceania's business. The Chair of the Board is elected by the Board each year. The Board schedules a minimum of nine meetings in each financial year.

Members of the Board have a diverse range of relevant skills including corporate governance, finance, risk management, property development, health and safety and clinical expertise.

Oceania publishes a skills matrix on the Website, which illustrates the relevant skills held by each member of the Board.

### Board Charter

**Recommendation 2.1:** *The Board of an issuer should operate under a written charter which sets out the roles and responsibilities of the Board. The Board Charter should clearly distinguish and disclose the respective roles and responsibilities of the Board and management.*

The Board has adopted a formal Board Charter which sets out the respective roles, responsibilities, composition and structure of the Board and senior management, and this is available on the Website. The Board is responsible for the strategic direction of Oceania and for supervising the management of the business for the benefit of its shareholders. Responsibility for the day to day management of Oceania has been delegated to the Chief Executive Officer and the Executive Team. The Group General Manager Corporate Services provides company secretarial services to the Board. The Group General Manager Corporate Services is accountable to the Board through the Chair.

### Nomination and Appointment of Directors

**Recommendations 2.2 and 2.3:** *Every issuer should have a procedure for the nomination and appointment of Directors to the Board. An issuer should enter into written agreements with each newly appointed Director establishing the terms of their appointment.*

The Board is responsible for succession planning. The procedure for the nomination and appointment of Directors is included in the Board Charter. When considering the appointment of a new Director, the Board will consider the skills of the existing Board and any gaps and the



Board will undertake appropriate checks as to the candidate’s character and experience. Where Oceania determines that a person is an appropriate candidate, shareholders are notified of that and are provided with all material information in Oceania’s possession that is relevant to their decision on whether or not to elect or re-elect a Director. All new Directors enter into a written agreement with Oceania setting out the terms of their appointment.

## Director Particulars

**Recommendation 2.4:** *Every issuer should disclose information about each Director in its Annual Report or on its website, including a profile of experience, length of service, independence and ownership interests and Director attendance at Board meetings.*

A biography of each Director, including their profile of experience and their length of service, is available on the Website in accordance with this recommendation. Details of each Director’s independence and ownership interests are included in the most recent Annual Report, which is available on the Website.

### Attendance at Board and Committee Meetings for the year ended 31 March 2022:

	Board	Audit	People and Culture	Clinical and Health & Safety	Development
Elizabeth Coutts	11	6	5	4	3
Alan Isaac	11	6	5		
Dame Kerry Prendergast	10			4	
Sally Evans	11		5	4	
Patrick McCawe <sup>1</sup>	8	5			
Gregory Tomlinson	11				3
Robert Hamilton <sup>2</sup>	5	2			
Peter Dufaur <sup>3</sup>	6				1
Total Meetings Held	11	6	5	4	3

1. Patrick McCawe resigned as a Director with effect from 16 February 2022.
2. Robert Hamilton was appointed as a Director on 17 September 2022. He was appointed a member of the Audit Committee on 23 September 2022.
3. Peter Dufaur was appointed as a Director on 17 September 2022. He was appointed a member of the Development Committee on 23 September 2022.

In addition to the scheduled Board and committee meetings described above, the Board and committees held (in aggregate) an additional 11 formal meetings in person or by way of conference calls during the year ended 31 March 2022.

Directors are invited to attend Committee meetings for Committees that they are not members of, and frequently do so.

## Diversity

**Recommendation 2.5:** *An issuer should have a written Diversity Policy which includes requirements for the Board or a relevant committee of the Board to set measurable objectives for achieving diversity (which, at a minimum, should address gender diversity) and to assess annually both the objectives and the entity's progress in achieving them. The issuer should disclose the policy or a summary of it.*

Oceania has a Diversity Policy which aims to ensure that Oceania has a focus on diversity throughout the organisation. This recognises that a diverse work force (including at Board and management levels) contributes to business growth and performance, helping to drive an inclusive, high performance environment.

The Diversity Policy establishes the following measurable objectives for achieving diversity:

- Facilitating and promoting equal employment opportunities at all levels including assessment of diversity of skills, experience, values, culture and gender wherever possible from the available candidates.
- Promoting a merit based environment in which employees have the opportunity to develop and perform to their full potential in alignment with Oceania's commitment to the ongoing training and wellbeing of its employees.
- Ensuring employees are treated fairly, evaluated objectively and promoted on the basis of their performance.

The Diversity Policy also sets out requirements for the Board to annually assess its progress in achieving the objectives and the objectives themselves. The Diversity Policy is available on the Website. Details of the gender breakdown of the Directors, officers and employees is set out in the most recent Annual Report, which is available on the Website.

## Director Training

**Recommendation 2.6:** *Directors should undertake appropriate training to remain current on how to best perform their duties as Directors of an issuer.*

The Board ensures that there is appropriate training for all Directors enabling them to remain current on how to best discharge their responsibilities and keep abreast of changes and trends in economic, political, social, environmental, financial and legal climates and governance practices. The Board also ensures that new Directors are appropriately introduced to management and the business, that all Directors are acquainted with relevant industry knowledge and receive copies of all appropriate company documents to enable them to perform their role.

## Evaluation of Performance of Directors

**Recommendation 2.7:** *The Board should have a procedure to regularly assess Director, Board and committee performance.*

The Chair of the Board leads an annual performance review and evaluation of the Board as a whole, and of the Board committees, against the Board Charter including seeking Directors' views relating to Board and Board committee process, efficiency and effectiveness, for discussion by the full Board. The Chair of the Board also engages with individual Directors to evaluate and discuss performance and professional development.

## Director Independence

**Recommendations 2.8 and 2.9:** *A majority of the Board should be Independent Directors. An issuer should have an Independent Chair of the Board. If the Chair is not Independent, the Chair and the CEO should be different people.*



The Board currently comprises seven Directors. All of the Directors are non-executive Directors. The Board has considered which of the Directors are Independent Directors for the purposes of the NZX Listing Rules and has determined that, as at 31 March 2022, all seven Directors are Independent Directors, including the Chair and the Chair of the Audit Committee.

The Board Charter requires the Board Chair to be an independent Director, and not be the same person as the Chief Executive Officer or the Chair of the Audit Committee.

### **PRINCIPLE 3 – BOARD COMMITTEES**

***The Board should use committees where this will enhance its effectiveness in key areas, while still retaining Board responsibility.***

The Board has four standing committees to assist in the execution of the Board's duties, being the Audit Committee, the People and Culture Committee, the Clinical and Health and Safety Committee and the Development Committee.

***Recommendation 3.5:*** All committees should operate under written charters. An issuer should identify the members of each of its committees, and periodically report member attendance.

Each committee operates under a charter which is available on the Website. Committee members are appointed from members of the Board and membership is reviewed on an annual basis. The membership of each committee, and the attendance record at committee meetings, during the year ended 31 March 2022 is recorded in the table of attendance in Principle 2 above under the heading *Director Particulars*. Any recommendations made by committees are submitted to the full Board as recommendations for Board decision.

#### **Audit Committee**

***Recommendation 3.1:*** An issuer's Audit Committee should operate under a written charter. Membership on the Audit Committee should be majority Independent and comprise solely of non-executive Directors of the issuer. The chair of the Audit Committee should be an Independent Director and not the Chair of the Board.

As at 31 March 2022, the Audit Committee comprises Alan Isaac (Chair), Elizabeth Coutts and Rob Hamilton, all of whom are Independent Directors. The Audit Committee met six times during the year ended 31 March 2022. The Audit Committee assists the Board in providing oversight of all matters relating to financial management and controls, financial accounting, audit and the external reporting requirements of Oceania and its subsidiary companies. The Audit Committee operates under the Audit Committee Charter, which is reviewed annually.

***Recommendation 3.2:*** Employees should only attend Audit Committee meetings at the invitation of the Audit Committee.

The Chief Executive Officer, Chief Financial Officer, the Group General Manager Corporate Services and the Financial Controller attend Audit Committee meetings at the invitation of the Audit Committee. Oceania's external auditor attends all meetings. The Audit Committee also meets and receives regular reports from the external auditor, without management present, concerning any matters that arise in connection with the performance of its role.

#### **People and Culture Committee**

***Recommendation 3.3:*** An issuer should have a remuneration committee which operates under a written charter (unless this is carried out by the whole Board). At least a majority of the remuneration committee should be Independent Directors. Management should only attend remuneration committee meetings at the invitation of the remuneration committee.



The functions of a remuneration committee are carried out by Oceania's People and Culture Committee, which comprises Sally Evans (Chair), Elizabeth Coutts and Alan Isaac, all of whom are Independent Directors. The People and Culture Committee met five times during the year ended 31 March 2022. The People and Culture Committee assists the Board in the discharge of its responsibilities and oversight relative to the remuneration and performance of the Chief Executive Officer and the Executive Team, remuneration of Directors and human resources structures, policy, procedures, practices and strategy. The People and Culture Committee operates under the People and Culture Committee Charter, which is reviewed annually.

Management only attend People and Culture Committee meetings at the invitation of the People and Culture Committee.

### **Nomination Committee**

**Recommendation 3.4:** *An issuer should establish a nomination committee to recommend Director appointments to the Board (unless this is carried out by the whole Board), which should operate under a written charter. At least a majority of the nomination committee should be Independent Directors.*

The Board has decided not to have a separate Nomination Committee as Director appointments are considered by the Board as a whole. The procedure for the nomination and appointment of Directors is included in the Board Charter, and summarised in Principle 2 above (under the heading *Nomination and Appointment of Directors*).

### **Clinical and Health and Safety Committee**

**Recommendation 3.5:** *An issuer should consider whether it is appropriate to have any other Board committees as standing Board committees. All committees should operate under written charters. An issuer should identify the members of each of its committees, and periodically report member attendance.*

The Clinical and Health and Safety Committee comprises Dame Kerry Prendergast (Chair), Elizabeth Coutts and Sally Evans and met four times during the year ended 31 March 2022.

The Clinical and Health and Safety Committee reviews clinical risks, health and safety policy and risks arising from Oceania's physical operations, and any other matters that may affect Oceania's reputation outside of the financial risks that are specifically addressed within the Audit Committee. The Clinical and Health and Safety Committee operates under the Clinical and Health and Safety Committee Charter, which is reviewed annually.

The Chief Executive Officer, the General Manager Nursing and Clinical Strategy, the Group General Manager Corporate Services and the National Health and Safety Manager have standing invitations to attend these meetings.

Members' attendance at Clinical and Health and Safety Committee meetings during the year ended 31 March 2022 is recorded in the table of attendance in Principle 2 above under the heading *Director Particulars*.

### **Development Committee**

**Recommendation 3.5:** *An issuer should consider whether it is appropriate to have any other Board committees as standing Board committees. All committees should operate under written charters. An issuer should identify the members of each of its committees, and periodically report member attendance.*

As at 31 March 2022, the Development Committee comprises Gregory Tomlinson (Chair), Elizabeth Coutts and Peter Dufaur. The Development Committee met three times during the year ended 31 March 2022.



The Development Committee provides advice to the Board on property acquisitions and developments (including planning and development processes), supports management to develop and implement development and construction strategies and maintains risk management strategies to manage development and construction risks. The Development Committee operates under the Development Committee Charter, which is reviewed annually.

The Chief Executive Officer, the General Manager Property, the Chief Financial Officer and the Group General Manager Corporate Services have standing invitations to attend these meetings.

Members' attendance at Development Committee meetings during the year ended 31 March 2022 is recorded in the table of attendance in Principle 2 above under the heading *Director Particulars*.

## Takeover Protocols

**Recommendation 3.6:** *The Board should establish appropriate protocols that set out the procedure to be followed if there is a takeover offer for the issuer and comply with the other requirements of Recommendation 3.6 of the NZX Code.*

Oceania has a Takeover Response Policy that sets out the key procedures to be followed if a takeover offer is made or a scheme of arrangement is proposed. The policy covers all of the matters in Recommendation 3.6 of the NZX Code.

## PRINCIPLE 4: REPORTING AND DISCLOSURE

**The Board should demand integrity in financial and non-financial reporting, and in the timeliness and balance of corporate disclosures.**

The Board is committed to providing timely, orderly, consistent, accurate and credible information to the market to promote investor confidence.

### Continuous Disclosure

**Recommendation 4.1:** *An issuer's Board should have a written Continuous Disclosure Policy.*

Information received by Oceania is considered in the context of Oceania's obligations as a listed company with regard to continuous disclosure of material information. Oceania has established a Continuous Disclosure Policy to ensure compliance with the continuous disclosure requirements of the NZX Listing Rules and the ASX Listing Rules. The Continuous Disclosure Policy is available on the Website. In addition, at each Board meeting (or otherwise as required), the Board considers whether there is material information that is required to be disclosed to the market.

### Charters and Policies

**Recommendation 4.2:** *An issuer should make its code of ethics, Board and committee charters and the policies recommended in the NZX Code, together with any other key governance documents, available on its website.*

Information about Oceania's corporate governance framework (including the Code of Values and Conduct, Board and Board committee charters, and other key governance codes and policies) are available to view on the Website.

### Financial Reporting

**Recommendation 4.3:** *Financial reporting should be balanced, clear and objective.*

The Audit Committee oversees the quality and integrity of external financial reporting including the accuracy, completeness and timeliness of financial statements, and ensuring that financial reporting is balanced, clear and objective. It reviews annual and half year financial statements and makes recommendations to the Board concerning the application of accounting policies and practice, areas of judgement, compliance with accounting standards, stock exchange and legal requirements, and the results of the external audit.

Management accountability for Oceania's financial reporting is reinforced by the written certification from the Chief Executive Officer and Chief Financial Officer that, in their opinion, financial records have been properly maintained and that the financial statements comply with the appropriate accounting standards and give a true and fair view of the financial position and performance of Oceania. Such representations are given on the basis of a sound system of risk management and internal control which is operating effectively in all material respects in relation to financial reporting risk.

## Non-Financial Reporting

**Recommendation 4.3:** *An issuer should provide non-financial disclosure at least annually, including considering environmental, economic and social sustainability factors and practices. It should explain how operational or non-financial targets are measured. Non-financial reporting should be informative, include forward looking assessments, and align with key strategies and metrics monitored by the Board.*

Oceania provides non-financial disclosure on matters including operational and clinical performance, risk management, health and safety and diversity in its Annual Report. Oceania recognises that creating a sustainable future is paramount to the business and its stakeholders, as Oceania's performance extends beyond financial results and includes social and environmental performance and the impact that the business has on our people and our planet.

In the year ended 31 March 2022, Oceania has progressed its ESG agenda. There was a focus on refreshing its materiality assessment that will inform a refresh of its Sustainability Framework – People, Planet and Prosperity – in the coming year. Oceania has completed a Task Force on Climate Related Disclosures (“TCFD”) maturity assessment, to support its climate-related disclosures journey, and has developed a TCFD roadmap that will be implemented over the next two years. During the period, Oceania continued its build programme to 6 HomeStar and achieved a design or build 6 HomeStar rating across four of its sites. It also continued a number of projects during the period, including energy efficiency measures (following energy audits at a selection of its high energy consuming sites), continuing its incontinence product composting trial and diverting food waste from its care centres that would have otherwise gone to landfill. Oceania has also amended its care procurement requirements so that all new leased cars for residents and corporate office are either EV or hybrid.

Oceania has a key focus on resident experience, caring for some of the most vulnerable New Zealanders. During the period, Oceania started rolling out its signature exercise programme “Move and Groove” to independent living residents, working with fitness industry professionals to create “Move and Groove Village”. Its “I love music” programme now has over 600 residents enrolled, providing personalised playlists and allowing remote sign-up options for families to choose music for their loved ones from anywhere in the world.

## PRINCIPLE 5 – REMUNERATION

***The remuneration of Directors and executives should be transparent, fair and reasonable.***

Oceania is committed to providing a remuneration framework that promotes a high performance culture and aligns rewards to the creation of sustainable value for shareholders.

### Directors' Remuneration



**Recommendation 5.1:** *An issuer should recommend Director remuneration to shareholders for approval in a transparent manner. Actual Director remuneration should be clearly disclosed in the issuer's Annual Report.*

Directors' remuneration is paid in the form of fees. A higher level of fees is paid to the Chair to reflect the additional time and responsibilities that this position involves. Additional fees are payable in respect of work carried out by the Chairs of the Audit Committee, People and Culture Committee and the Clinical and Health and Safety Committee.

As foreshadowed at the Annual Shareholders Meeting in June 2021, the Board has undertaken a review of Director fees during FY2022. A resolution to authorise an increase in the Directors' fees pool will be put to shareholders at the Annual Shareholders Meeting on 23 June 2022.

**Approved Director Remuneration as at 31 March 2022:**

	<b>Position</b>	<b>Fees (per annum)</b>
Board of Directors	Chair of Board	\$180,000
	Member	\$90,000
Audit Committee	Chair	\$20,000
Clinical and Health and Safety Committee	Chair	\$15,000
People and Culture Committee	Chair	\$7,500

No additional fees will apply for Directors as members of Board committees for the financial year ended 31 March 2023.

Total remuneration for non-executive Directors is subject to an aggregate fee pool limit. As at 31 March 2022, the maximum fee pool for non-executive Directors was \$762,500 per annum. The pool was last fixed five years ago at \$582,500 per annum when there were five Directors. The pool has increased and decreased since then with the appointment and resignation of directors in accordance with NZX Listing Rule 2.11.3.

In addition to the total remuneration and value of other benefits disclosed in the table above, all Directors are entitled to an annual expense allowance of \$2,000 each for communication and personal administration costs and are also entitled to be reimbursed for reasonable travel, accommodation and other expenses incurred by them in connection with their attendance at Board or shareholder meetings, or otherwise in connection with Oceania business.

For more information on Directors' fees paid during the most recent financial year, please refer to the most recent Annual Report, which is available on the Website.

**Remuneration Policy**

**Recommendation 5.2:** *An issuer should have a remuneration policy for remuneration of Directors and officers, which outlines the relative weightings of remuneration components and relevant performance criteria.*

Oceania has adopted a Remuneration Policy which sets out the remuneration principles that apply to all Directors and senior managers of Oceania to ensure that remuneration practices are fair and appropriate, and that there is a clear link between remuneration and performance. Oceania is committed to applying fair and equitable remuneration and reward practices in the workplace, taking into account internal and external relativity, the commercial environment, the ability to achieve Oceania's business objectives and the creation of shareholder value. Under Oceania's remuneration framework, individual performance and market relativity are key considerations in all remuneration based decisions, balanced by the organisational context. Remuneration for senior managers includes a mix of fixed and variable components and relevant performance criteria (as further summarised below). A copy of the Remuneration Policy is available on the Website.

## Senior Manager Remuneration Framework

Oceania's remuneration structure for senior managers, including the Chief Executive Officer, comprises three elements:

- Total fixed remuneration ("TFR");
- Short term incentive ("STI"); and
- Long term incentive ("LTI").

The following summarises each component of executive remuneration:

### a. Total Fixed Remuneration

Fixed remuneration includes base salary, the provision of a carpark, a vehicle allowance (in some cases) and Kiwisaver contributions. Each senior manager's fixed remuneration is set based on the individual's position, market relativity, and the individual's qualifications and experience. TFR is reviewed annually.

### b. Short Term Incentive

The STI is currently a cash payment which is dependent on the achievement of a combination of Oceania and individual performance measures and is capped at a maximum achievement of 100% of the STI.

The performance measures are set by reference to the senior manager's responsibility and particular projects relevant to that senior manager and the business or function for which they are responsible. The purpose of the STI is to reward executives for meeting measurable objectives linked to a financial year.

The table below sets out the key terms for the STI plan granted to senior managers during the year ended 31 March 2022:

Feature	Approach
Purpose	Align individual performance with Oceania objectives  Provide individuals with a competitive market position for total reward (ie variable and fixed pay components)
Eligibility	Those considered for participation in the STI programme must be able to impact the performance of their work area or function and also contribute to Oceania's overall performance.
Instrument	Cash
Performance criteria	The following criteria must be met before any payments are made: <ul style="list-style-type: none"><li>- Underlying EBITDA target for the financial year</li><li>- Targets related to the delivery of strategic pillar initiatives</li><li>- Targets focused on delivery of key business projects</li><li>- Achievement of a health and safety target</li></ul>

### c. Long Term Incentive

Oceania has as its LTI a performance share rights plan. The value and targets for the LTI plan are determined by the Board and are designed to provide an incentive to senior managers, retain key talent with the senior management team and align the interests of the senior management team and shareholders through the successful execution of Oceania's strategy.



The table below sets out the key terms for the grants made to senior managers under the LTI plan during the year ended 31 March 2022:

<b>Feature</b>	<b>Approach</b>
Eligibility	The Board determines whether an LTI plan will operate and the extent (if any) to which each senior manager is invited to participate in an LTI plan each year.
Instrument	<p>Participants receive an allocation of Performance Share Rights.</p> <p>Participants are granted a share right dollar allocation as assessed by the Board with reference to external benchmarking. The number of Performance Share Rights to be allocated to each participant is determined by applying an external valuation which takes into account the probability of vesting and the probability of share value.</p> <p>If the relevant performance hurdles are met at the end of a performance period, some or all of the Performance Share Rights will become Qualifying Share Rights.</p> <p>If the participant remains employed with Oceania until the vesting date, the Qualifying Share Rights will vest and be eligible for conversion into ordinary shares in Oceania for nil consideration.</p> <p>On conversion, participants will receive one ordinary share per Qualifying Share Right, less an adjustment for the amount of PAYE tax paid by Oceania on the participant's behalf for the benefit which the participant receives from the scheme.</p>
Performance period	Three years from 1 April 2021 to 31 March 2024.
Performance hurdles	<p>There are two performance hurdles, with a 50% weighting for each:</p> <ul style="list-style-type: none"> <li>- TSR Performance Hurdle: Oceania's total shareholder return in the performance period is greater than the 35th percentile total shareholder return of the NZX50 group of companies.</li> <li>- EPS Performance Hurdle: Oceania's annual growth in underlying earnings before interest, tax, depreciation and amortisation per share over the relevant performance period is equal to or greater than 10% per year</li> </ul>
Dividends and voting rights	Performance Share Rights do not have voting rights or entitlement to dividends.
Cessation of employment	<ul style="list-style-type: none"> <li>- If a participant ceases to be employed due to an Involuntary Event (such as death, redundancy or total permanent illness or injury), the Board may, in its absolute discretion determine whether the participant's Qualifying Share Rights and Performance Share Rights may be retained by the participant as if he or she remained employed by Oceania, or whether the vesting of such Qualifying Share Rights and Performance Share Rights may be accelerated. Any Performance Share Rights that are not retained or vested will lapse.</li> </ul>



	- If a participant ceases to be employed for any other reason, all of the participant's Performance Share Rights and Qualifying Share Rights will lapse.
Vesting	Although Performance Share Rights become Qualifying Share Rights at the end of each year (subject to meeting the performance hurdles), participants must wait until the vesting date for the Qualifying Share Rights to become eligible to convert into ordinary shares.

The terms of the LTI plan will be amended for the year ended 31 March 2023. The table below sets out the key terms for the invitation to senior managers to participate in the LTI plan during the year ended 31 March 2023:

<b>Feature</b>	<b>Approach</b>
Eligibility	The Board determines whether an LTI plan will operate and the extent (if any) to which each executive is invited to participate in an LTI plan each year.
Instrument	<p>Participants receive an allocation of Performance Share Rights.</p> <p>Participants are granted a share right dollar allocation as assessed by the Board with reference to external benchmarking. The number of Performance Share Rights to be allocated to each participant will be determined based on the volume weighted average share price (VWAP) calculated over a 20 working day period on either side of the year end results announcement.</p> <p>If the performance hurdle is met at the end of a performance period, some or all of the Performance Share Rights will become Qualifying Share Rights.</p> <p>If the participant remains employed with Oceania until the vesting date, the Qualifying Share Rights will vest and be eligible for conversion into ordinary shares in Oceania for nil consideration.</p> <p>On conversion, participants will receive one ordinary share per Qualifying Share Right, less an adjustment for the amount of PAYE tax paid by Oceania on the participant's behalf for the benefit which the participant receives from the scheme.</p>
Performance period	Three years from 1 April 2022 to 31 March 2025.
Performance hurdle	<p>TSR Performance Hurdle: Oceania's total shareholder return in the performance period relative to total shareholder return of the NZX50 group of companies.</p> <p>If Oceania is in the bottom quartile of TSR performance for the NZX50 group, then no Performance Share Rights will become Qualifying Share Rights. If Oceania is between 25% and 75% of TSR performance for the NZX50 group, then Performance Share Rights will become Qualifying Share Rights on a sliding scale. If Oceania is in the top quartile of TSR performance for the NZX50 group, then 100% of Performance Share Rights will become Qualifying Share Rights.</p>
Dividends and voting rights	Performance Share Rights do not have voting rights or entitlement to dividends.



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Cessation of employment	<ul style="list-style-type: none"> <li>- If a participant ceases to be employed due to an Involuntary Event (such as death, redundancy or total permanent illness or injury), the Board may, in its absolute discretion determine whether the participant's Qualifying Share Rights and Performance Share Rights may be retained by the participant as if he or she remained employed by Oceania, or whether the vesting of such Qualifying Share Rights and Performance Share Rights may be accelerated. Any Performance Share Rights that are not retained or vested will lapse.</li> <li>- If a participant ceases to be employed for any other reason, all of the participant's Performance Share Rights and Qualifying Share Rights will lapse.</li> </ul>
Vesting	Although Performance Share Rights become Qualifying Share Rights at the end of each year (subject to meeting the performance hurdles), participants must wait until the vesting date for the Qualifying Share Rights to become eligible to convert into ordinary shares.

### Employee Share Scheme

Permanent employees can choose to join Oceania's employee share scheme. Those employees who elected to participate received an allocation of \$800 per annum (for full time employees) or \$400 per annum (for part time employees) of Oceania shares at no cost. Under the scheme, the shares are held in trust and, in general, only transfer into the employee's name if the employee remains employed by Oceania (or any of its subsidiaries) for three years.

It is intended that the employee share scheme will be offered again to all permanent employees as at 1 August 2022.

### CEO's Remuneration

**Recommendation 5.3:** *An issuer should disclose the remuneration arrangements in place for the CEO in its Annual Report. This should include disclosure of the base salary, short term incentives and long term incentives and the performance criteria used to determine performance based payments.*

Details of the remuneration arrangements for the CEO are set out in the most recent Annual Report, which is available on the Website.

## PRINCIPLE 6 – RISK MANAGEMENT

**Directors should have a sound understanding of the material risks faced by the issuer and how to manage them. The Board should regularly verify that the issuer has appropriate processes that identify and manage potential and material risks.**

### Risk Management

**Recommendation 6.1:** *An issuer should have a risk management framework for its business and the issuer's Board should receive and review regular reports. An issuer should report the material risks facing the business and how these are being managed.*

The Board is responsible for Oceania's risk management and internal control. The Board monitors policies and processes that identify significant business risks and implements procedures to monitor these risks.

The Board and senior management team updated Oceania's organisational risk matrix in March 2022. Quarterly updates are provided by the senior management team to the Board against the risk matrix, including description of each risk, identification of the risk owner and risk mitigants.

Oceania maintains insurance policies that it considers adequate to meet insurable risks.

## Health and Safety

**Recommendation 6.2:** *An issuer should disclose how it manages its health and safety risks and should report on its health and safety risks, performance and management.*

Oceania employs a National Health and Safety Manager and has a Clinical and Health and Safety Committee to assist the Board in meeting its responsibilities under the Health and Safety at Work Act 2015. In particular, the Committee is responsible for ensuring that Health and Safety has appropriate focus within Oceania by regularly engaging in assurance processes around risk assessment and mitigation, safety systems, staff capability, staff competency, safety leadership and business safety culture. Health and Safety is also a standing item for discussion at each monthly Clinical Governance Committee meeting.

Monthly Health and Safety reports are a priority agenda item at all Board meetings and specific reviews are made into health and safety incidents, lost time injury frequency reporting, near miss reporting, health and safety inductions, local site health and safety committee meetings, the number of employees working over 120 hours per fortnight and key Health and Safety initiatives undertaken. Oceania has developed a health and safety risk matrix to identify specific risks, assess their severity and likelihood, document mitigation strategies and determine the level of residual risk. This matrix is reviewed annually by the Board and annual health and safety objectives are set for the business based on the significant risks identified.

## PRINCIPLE 7 – AUDITORS

**The Board should ensure the quality and independence of the external audit process.**

### Relationship with Auditor

**Recommendations 7.1 and 7.2:** *The Board should establish a framework for the issuer's relationship with its external auditor. This framework should include the procedures prescribed in Recommendation 7.1 of the NZX Code. The external auditor should attend the issuer's Annual Meeting to answer questions from shareholders in relation to the audit.*

The Audit Committee is responsible for the oversight of Oceania's external audit arrangements. It is committed to ensuring that Oceania's external auditor is able to carry out its work independently so that financial reporting is highly reliable and credible. Oceania has an External Auditor Independence Policy, which is available on the Website. The External Auditor Independence Policy implements the procedures set out in Recommendation 7.1 of the NZX Code.

The policy sets out the work that the external auditor is required to do and specifies the services that the external auditor is not permitted to do, so that the ability of the auditor to carry out its work is not impaired and could not reasonably be perceived to be impaired. All non-audit work that the external auditor performs must be approved by the Chair of the Audit Committee.

Oceania's external auditor is PricewaterhouseCoopers. Representatives of PricewaterhouseCoopers (including the lead audit partner) have been invited to attend Annual Meeting held on 23 June 2022 and will be available to answer questions about the audit process, Oceania's accounting policies and the independence of the auditor.

The External Auditor Independence Policy provides that the rotation of the Engagement and Quality Review audit partner is required every five years and that those partners are subject to a two year cooling off period following rotation.



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The External Auditor Independence Policy also provides that a policy of regular rotation of the audit firm is not mandated. However, the Audit Committee Charter requires that the Audit Committee oversees and monitors the performance of the external auditors. The Audit Committee reviews the performance of the external auditors annually.

### **Internal Audit Functions**

**Recommendation 7.3:** *Internal audit functions should be disclosed.*

Oceania currently outsources its internal audit function, which assists in the monitoring of Oceania's internal control systems and risk management. Internal audit operates both with and independently from management and reports its findings to the Audit Committee. A three year rolling Internal Audit Plan has been prepared and approved by the Board.

The Audit Committee reviews the Internal Audit Plan annually and makes recommendations to the Board.

## **PRINCIPLE 8 – SHAREHOLDER RIGHTS AND RELATIONS**

**The Board should respect the rights of shareholders and foster constructive relationships with shareholders that encourage them to engage with the issuer.**

### **Information for Shareholders**

**Recommendation 8.1:** *An issuer should have a website where investors and interested stakeholders can access financial and operational information and key corporate governance information about the issuer.*

Oceania is committed to an open and transparent relationship with shareholders. The Board aims to ensure that all shareholders are provided with all information necessary to assess Oceania's direction and performance.

This is done through a range of communication methods including periodic and continuous disclosures to NZX and ASX, half year and annual reports and the Annual Meeting. The Website provides financial and operational information, and information about Oceania's Directors and senior managers and copies of its governance documents, for investors and interested stakeholders to access at any time.

### **Communicating with Shareholders**

**Recommendation 8.2:** *An issuer should allow investors the ability to easily communicate with the issuer, including providing the option to receive communications from the issuer electronically.*

Shareholders have the option of receiving their communications electronically, including by email or through Oceania's investor centre. The Website also contains a section for electronic shareholder communications and the Board encourages investors to make enquiries if they wish on environmental, social and governance issues.

### **Shareholder Voting Rights**

**Recommendation 8.3:** *Quoted equity security holders should have the right to vote on major decisions which may change the nature of the issuer in which they are invested.*

The regulatory safeguards built into the NZX Listing Rules, ASX Listing Rules, the Companies Act 1993 and Oceania's constitution operate to preserve shareholders' entitlement to vote on key decisions impacting Oceania. Voting at shareholder meetings is conducted by poll (for so long as this is required by the NZX Listing Rules) and shareholders are entitled to one vote per



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share on any such poll (subject to the limited exceptions in Oceania's Constitution). Voting outcomes are announced to the market in accordance with the NZX Listing Rules.

## Capital Raisings

**Recommendation 8.4:** *If seeking additional equity capital, issuers of quoted equity securities should offer further equity securities to existing equity security holders of the same class on a pro rata basis, and on no less favourable terms, before further equity securities are offered to other investors.*

On 23 March 2021, Oceania announced a \$100m capital raise, comprising a \$80m placement and a \$20m retail offer. The retail offer was available to eligible existing shareholders with a registered address in New Zealand and these shareholders could apply for up to NZ\$50,000 of new Oceania shares. The Board considered the interests of existing shareholders in agreeing the size and structure of the capital raise and determined that a \$20m retail offer would allow most shareholders to participate in the offer on a pro rata basis.

If Oceania seeks additional equity capital again in the future, the Board will ensure it considers the interests of existing shareholders and, where it is considered in the best interests of Oceania, will seek to permit shareholders to participate on a pro rata basis.

## Notice of Annual Meeting

**Recommendation 8.5:** *The Board should ensure that the notices of annual or special meetings of quoted equity security holders is posted on the issuer's website as soon as possible and at least 20 working days prior to the meeting.*

Oceania encourages shareholder participation at the Annual Meeting, and the Board aims to ensure that all relevant information is provided to shareholders for consideration with sufficient notice in advance of shareholders' meetings (and at least 20 working days prior to Oceania's Annual Meeting, including by posting the Notice of Annual Meeting on Oceania's website).

## PRINCIPLE 9 – STAKEHOLDER INTERESTS

***The Board should foster constructive relationships with stakeholders that encourage them to engage with the entity.***

The Board carefully considers and respects the interests of Oceania's stakeholders including (in particular) its residents and their families, its staff and the communities in which Oceania operates. This approach continues to foster constructive relationships with Oceania's stakeholders, by considering the outcomes from customer and staff engagement surveys and feedback from other stakeholders.

In relation to its residents, Oceania has a number of residential care and independent living policies that recognise the rights of residents. Oceania also complies with the requirements of the Retirement Villages Code of Practice 2008 which further identifies obligations to residents and protects residents' rights.

In addition to providing care and village services to its residents, Oceania has also invested in the development and operation of Wesley Institute of Nursing Education. The Wesley Institute provides both a conversion Competency Assessment Programme for internationally qualified nurses and provides a route for these people to practice as registered nurses in New Zealand, as well as a Return to Nursing Programme for New Zealand nurses wanting to return to the workforce after five years or more of absence. These courses provide a valuable service to people wishing to pursue nursing as a career in New Zealand.

Oceania recognises the value of feedback from stakeholders and understands that not all may feel comfortable voicing their dissatisfaction directly with Oceania. Oceania has introduced an independent whistleblower hotline to provide an avenue for staff, residents, their families and



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other stakeholders to raise concerns or provide feedback (on an anonymous basis if preferred) to an independent provider who will refer the matter to senior management or the Board to investigate as appropriate. Following investigation of the matter, the Board receives a report of each concern raised.

Oceania has a comprehensive complaints management policy which provides for a single capture system for all complaints (other than formal retirement village complaints and whistleblower complaints, which are subject to specific policies). Each complaint is logged in to the complaints system and an assessment of the risk associated with the complaint is made. Depending on the severity of the complaint, an investigation may be conducted into the complaint. The policy then sets out the process for engaging with and resolving complaints with the complainants. The Board receives a summary of complaints from this system prior to each Board meeting. Staff receive training on the complaint procedure and on complaint resolution as part of their ongoing training programme.

This Corporate Governance Statement was approved by the Board of Oceania on 19 May 2022.